

# Northeast Gaming Zone - Wyandotte County, Kansas

## Gaming Revenue and Casino Visit Projections



Prepared For:  
Kansas Lottery Gaming Facility Review Board Meeting  
October 26-27, 2009

**Wells Gaming Research**

## Methodology

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- Used WGR's proprietary gravity model
- Used 2009 annualized data as status quo for baseline projections
- Population data at census tract level for 2000 and 2008-2015
- Defined and ran 3 primary scenarios and 3 supplemental scenarios that show a single midpoint estimate and the percent expected variance at a 68% confidence interval

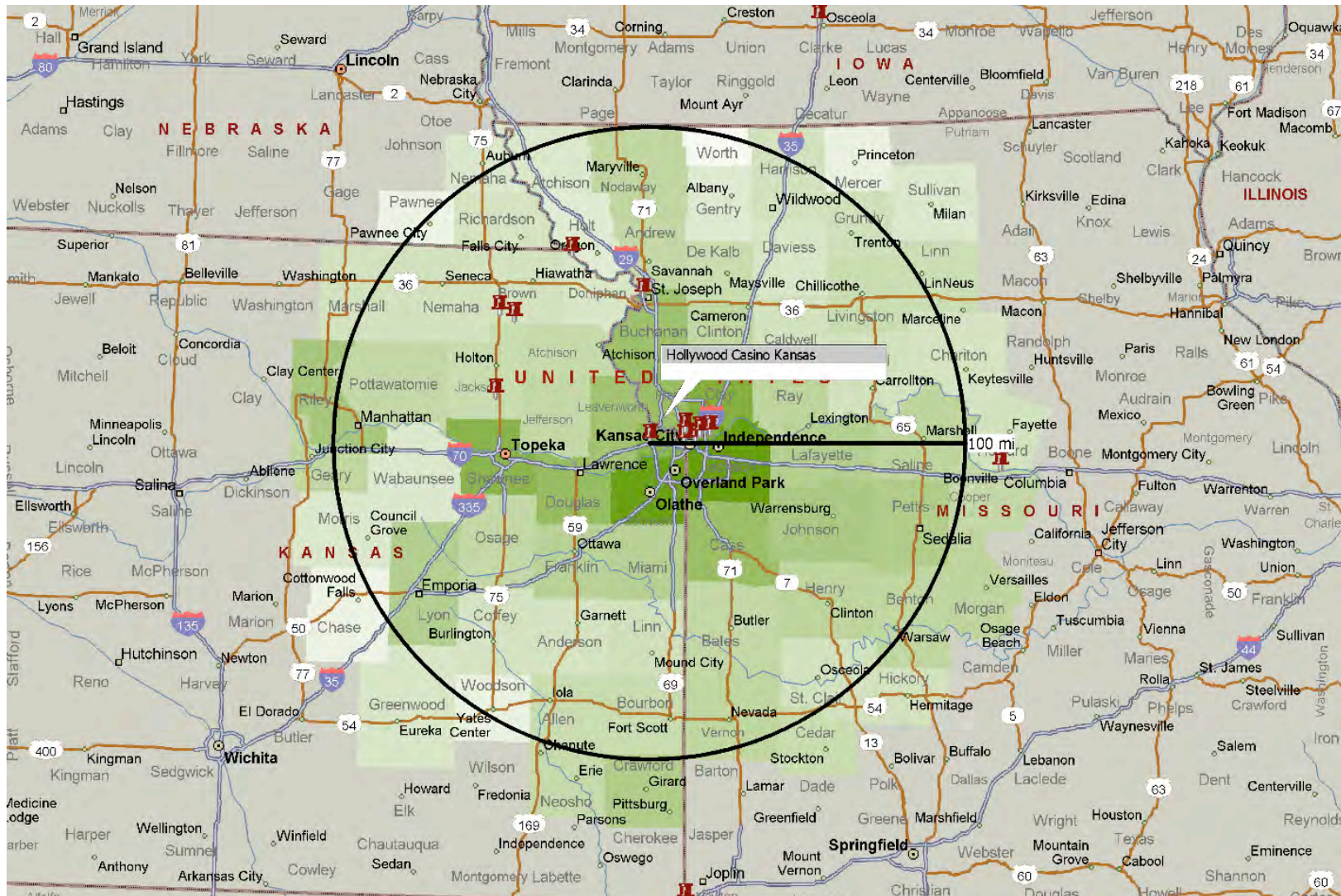
## NE Kansas Trade Area

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- Trade area (approximate 125-mile radius) includes 31 counties in Kansas, 38 counties in Missouri, and 3 counties in Nebraska
- The trade area population is 3,217,151; of which 2,240,306 are adults
- Of the adult population, 1,123,704 (50%) live in Wyandotte County and the five contiguous counties



# NE Kansas Trade Area Map



## Existing Casinos

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- Existing competition includes 13 casinos
  - 1 casino in Iowa
  - 5 casinos in Kansas
  - 6 casinos in Missouri
  - 1 casino in Oklahoma
- Total existing capacity: 16,379 slots, 348 pit tables, and 70 poker tables

## Impact of Loss Limit Removal

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- Missouri abolished loss limits in November of 2008
- WGR used ARIMA modeling techniques to estimate impact on MO gaming revenues and casino visits
  - 1.57% annualized impact on gaming revenues
  - 6.76% annualized impact on casino visits
- Impact percentages were used to create base annual revenue and visits numbers with a full year of impact factored in

# Capacity Comparison - 2009 vs. 2008

Capacities & Amenities	2009 Application Hollywood Casino Kansas		2008 Applications (Projections Made by WGR for 2012) <sup>1</sup>			
	Phase I (2012)	Full Build Out (2015)	Golden Heartland Phase I	Hard Rock	Legends Sun	Pinnacle Entertainment
<b>Casino:</b>						
# of Slots	2,300	3,000	2,500	3,000	2,000	2,300
# of Tables Games (inc Poker)	86	100	98	140	85	85
<b>Hotel Rooms</b>	0	500	300	300	350	500
<b>Restaurants/Entertainment:</b>						
# of Restaurants	3	5	5	10 <sup>2</sup>	5	8
# of Entertainment Venues	1	2	3	10 <sup>2</sup>	3	3
<b>Convention Square Footage</b>	0	60,000 <sup>1</sup>	25,000	40,000	40,500	68,540
<b>Sports/Recreation Facilities:</b>	Not Specified	Not Specified	4	3	3	2
<b>Parking:</b>	2,785	4,685	3,249	6,926	3,500	2,820
<b># of Retail Outlets</b>	2	2	1	3	5	4
<b># of FTE's (full time equivalents)</b>	1,129	Not Specified	1,625	1,991	1,776	2,074

## Footnotes:

1. Multipurpose meeting and entertainment venue.
2. The Hard Rock includes the Retail/Dining/Entertainment District proposed by The Cordish Company in the 2008 application. It includes 165,600 sq ft of dining and entertainment with 6 restaurants and 7 clubs, 100,000 sq ft of promenade space for live performances, for a total of 265,500 sq ft.

# Revenue and Visits Comparison - 2009 vs. 2008

(Numbers in Millions)

Capacities & Amenities	2009 Application Hollywood Casino Kansas		2008 Applications (Projections Made by WGR for 2012) <sup>1</sup>			
	Phase I (2012)	Full Build Out (2015)	Golden Heartland Phase I	Hard Rock	Legends Sun	Pinnacle Entertainment
<b>Capital Investment</b>	\$361.0	\$627.5	\$660.0	\$706.0	\$767.0	\$650.0
<b>Gaming Revenues:</b>						
Applicant	\$201.5	\$326.8	\$266.1	\$358.1	\$281.6	\$401.5
WGR	\$151.9 <sup>2</sup>	\$255.1 <sup>2</sup>	\$178.3	\$226.7	\$163.4	\$193.2
<b>Difference</b>	<b>\$49.6</b>	<b>\$71.7</b>	<b>\$87.8</b>	<b>\$131.3</b>	<b>\$118.2</b>	<b>\$208.3</b>
<b>% Difference</b>	<b>24.6%</b>	<b>21.9%</b>	<b>33.0%</b>	<b>36.7%</b>	<b>42.0%</b>	<b>51.9%</b>
<b>Visitor Projections:</b>						
Applicant	2.86	4.35	3.67	4.51	2.98	3.97
WGR	2.15	3.29	2.48	3.15	2.27	2.69
<b>Difference</b>	<b>0.71</b>	<b>1.06</b>	<b>1.19</b>	<b>1.36</b>	<b>0.72</b>	<b>1.28</b>
<b>% Difference</b>	<b>24.8%</b>	<b>24.4%</b>	<b>32.4%</b>	<b>30.2%</b>	<b>24.2%</b>	<b>32.2%</b>

## Footnotes:

1. Recap of WGR's projections as presented to the Board in September 2008.

2. At a 68% confidence interval, revenues can be expected to vary by +16% and -18% for Phase I, and +8% and -10% for Full Build Out.



# Capacity Comparison to Existing Kansas City, MO Casinos

Capacities & Amenities	Hollywood		Kansas City, Missouri Casinos (Actual 2009) <sup>1</sup>			
	Phase I (2012)	Full Build Out (2015)	Ameristar	Argosy	Harrah's	Isle of Capri
<b>Casino:</b>						
# of Slots	2,300	3,000	3,022	1,962	1,793	1,525
# of Tables Games (inc Poker)	86	100	105	47	75	16
<b>Hotel Rooms</b>	0	500	184	258	392	0
<b>Restaurants/Bars/Entertainment:</b>						
# of Restaurants	3	5	10	5	6	5
# of Entertainment Venues	1	2	3	3	1	1
<b>Convention Square Footage</b>	0	60,000	14,520	19,000	10,000	0
<b>Sports/Recreation Facilities:</b>	Not Specified	Not Specified	1	1	0	0
<b>Parking:</b>						
# of Parking Spaces	2,785	4,685	2,660	2,535	3,122	1,618
Covered Parking Availability	Yes	Yes	Yes	Yes	Yes	No
<b># of Retail Outlets</b>	2	2	1	1	1	0
<b># of FTE's (full time equivalents)</b>	1,129	Not Specified	1,360	1,100	1,295	Not Specified

**Footnotes:**

1. Gaming revenues and visits for Kansas City, MO casinos are based on 12 months of actual performance ending on July 2009.



# Revenue and Visits Comparison to Existing Kansas City, MO Casinos

(Numbers in Millions)

Capacities & Amenities	Hollywood		Kansas City, Missouri Casinos (Actual 2009) <sup>1</sup>			
	Phase I (2012)	Full Build Out (2015)	Ameristar	Argosy	Harrah's	Isle of Capri
<b>Gaming Revenues:</b>						
Applicant	\$201.5	\$326.8	\$242.4	\$199.0	\$197.5	\$81.7
WGR	\$151.9 <sup>2</sup>	\$255.1 <sup>2</sup>	N/A	N/A	N/A	N/A
<b>Difference</b>	<b>\$49.6</b>	<b>\$71.7</b>	N/A	N/A	N/A	N/A
<b>% Difference</b>	<b>24.6%</b>	<b>21.9%</b>	N/A	N/A	N/A	N/A
<b>Visitor Projections:</b>						
Applicant	2.86	4.35	3.57	2.70	2.82	1.53
WGR	2.15	3.29	N/A	N/A	N/A	N/A
<b>Difference</b>	<b>0.71</b>	<b>1.06</b>	N/A	N/A	N/A	N/A
<b>% Difference</b>	<b>24.8%</b>	<b>24.4%</b>	N/A	N/A	N/A	N/A

**Footnotes:**

1. Gaming revenues and visits for Kansas City, MO casinos are based on 12 months of actual performance ending on July 2009.

2. At a 68% confidence interval, revenues can be expected to vary by +16% and -18% for Phase I, and +8% and -10% for Full Build Out.

### **Richard H. Wells, Experience & Qualifications**

Wells is founder and president of **Wells Gaming Research**, a Nevada Corporation that provides Casino Player Count Service™, a market share tracking service to clients for 335 casinos in Nevada, Mississippi, Louisiana, New Mexico, California, and Macau.

Wells Gaming Research also performs a wide range of consulting and gaming research assignments including casino market studies, financial feasibility studies, financial projections, due diligence, litigation support, legislative issue support, and gaming industry expert witness services for the gaming industry.



Wells has fifteen years experience as a senior executive in the casino-hotel industry with Holiday Inns, Harrah's, and Bally's. Wells has also held positions in management, planning, and financial analysis for a large regional bank and a major international oil company.

Wells has a B.S. degree in business from Oklahoma State University and completed a post-graduate program in Systems Dynamics at M.I.T. Wells has participated in a wide range of community service activities and is listed in Marquis Who's Who in Finance and Industry and Marquis Who's Who in America.